

Message Text

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ACTION COME-00

INFO OCT-01 AF-10 NEA-10 ISO-00 EB-08 AGRE-00 OPIC-03

CIAE-00 INR-07 NSAE-00 TRSE-00 AID-05 /044 W

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FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 4959

INFO AMEMBASSY ABU DHABI

AMEMBASSY CAIRO

AMEMBASSY KUWAIT

AMEMBASSY JIDDA

LIMITED OFFICIAL USE KHARTOUM 2505

USDOC FOR MEPD, PASS OPIC

E.O. 11652: N/A

TAGS: EINV, BEXP, SU, SA

SUBJECT: MAJOR PROJECTS: PRINCE MOHAMED AL-FAISAL'S SUDANESE
AGRICULTURAL PROJECTS

BEGIN SUMMARY: PRINCE MOHAMED AL-FAISAL IS LEADING FIGURE IN THREE
MAJOR SUDANESE AGRICULTURAL PROJECTS. FEASIBILITY STUDIES
UNDERWAY FOR 500,000 ACRE PLUS INTEGRATED RANCHING SCHEME,
100,000 ACRE FRUIT AND VEGETABLE PROJECT AND RICE PRODUCTION.
TOTAL COST OF PROJECTS COULD EXCEED 500 MILLION DOLLARS.
THESE PROJECTS, IF IMPLEMENTED, WILL PROVIDE MAJOR SALES AND
INVESTMENT OPPORTUNITIES FOR AMERICAN FIRMS. END SUMMARY

1. PRINCE MOHAMED AL-FAISAL, FORMERLY HEAD SAUDI SALINE WATERS
PROGRAM, IS ONE OF MOST ACTIVE SAUDI PRIVATE INVESTORS IN
SUDAN. HE IS INVOLVED IN THREE MAJOR AGRICULTURAL PROJECTS
IN THE SUDAN WHICH OFFER SIGNIFICANT OPPORTUNITIES FOR
AMERICAN BUSINESSES. IF THESE PROJECTS ARE IMPLEMENTED, THEIR
COST OVER THE NEXT TEN YEARS COULD EXCEED 500 MILLION DOLLARS.
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IN ADDITION TO AGRICULTURAL PROJECTS, PRINCE MOHAMED WILL
ESTABLISH FAISAL ISLAMIC BANK IN KHARTOUM. BRIEF PROJECT
DESCRIPTION AND STATUS REPORT ARE PROVIDED FOR BRIEFING
AMERICAN AGRI-BUSINESS FIRMS.

2. DAMAZIN AGRICULTURAL AND ANIMAL PRODUCTION COMPANY.
THIS IS AN INTEGRATED RANCHING PROJECT ON 500,000 FEDDANS

(1 FEDDAN EQUALS 1.036 ACRES) IN EASTERN SUDAN ON BLUE NILE NEAR ETHIOPIAN FRONTIER. TOTAL PROJECTS COSTS OVER NEXT TEN YEARS COULD EXCEED 250 MILLION DOLLARS. INITIALLY, SAUDI AND SUDANESE PARTNERS PLAN 10 MILLION DOLLARS IN EXPENDITURES DURING FIRST TWO YEARS. THIS EXPENDITURE WILL COVER STUDIES, PILOT FARMING ON 15,000-20,000 FEDDANS AND PERHAPS INITIAL PURCHASE OF SHEEP. DALGETY INTERNATIONAL LTD. OF GREAT BRITAIN IS CURRENTLY PERFORMING FEASIBILITY STUDY AND PROBABLY WILL BECOME PROJECT MANAGER AND EQUITY PARTNER. ALTHOUGH FEASIBILITY REPORT HAS NOT YET BEEN PRESENTED, DELGETY HAS INDICATED THAT OUTLOOK FOR PROJECT IS FAVORABLE. PARTNERS HOPE TO DEVELOP PROJECT IN STAGES. FIRST HURDLE WILL BE ESTABLISHING CASH FLOW WHICH WILL MAKE POSSIBLE COMMERCIAL FINANCING BEYOND INITIAL 10 MILLION DOLLARS OF VENTURE CAPITAL.

3. RUGEBA. THIS IS 100,000 FEDDAN IRRIGATED AGRICULTURAL SCHEME FOR PRODUCTION OF FRUITS AND VEGETABLES NEAR DAMAZIN. TOTAL COSTS ARE DIFFICULT TO ESTIMATE, BUT SHOULD BE AT LEAST SEVERAL HUNDRED MILLION DOLLARS. CURRENTLY, ALL EQUITY IS HELD BY PRINCE MOHAMED. HOWEVER, HE APPEARS TO BE INTERESTED IN SUDANESE AND OTHER FOREIGN EQUITY PARTICIPATION. SOIL SURVEY AND TOPOGRAPHIC STUDIES HAVE BEEN COMPLETED. MOST CRITICAL FACTOR IN PROJECT FEASIBILITY APPEARS TO BE MARKET STUDIES FOR EUROPE AND MIDDLE EAST. PROJECT ORGANIZERS REALIZE THAT SCOPE IS HUGE AND THAT POTENTIAL OUTPUT COULD BE MAJOR FACTOR IN EUROPEAN FRUIT AND VEGETABLE MARKET. DISCUSSIONS LIMITED OFFICIAL USE

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HAVE BEEN HELD WITH ABOUT DOZEN MAJOR AMERICAN AGRI-BUSINESS FIRMS. TWO MAJOR AMERICAN FOOD PROCESSORS ARE CONDUCTING MARKETING STUDIES AND APPEAR INTERESTED IN EQUITY PARTICIPATION AND PERHAPS PROJECT MANAGEMENT. FEASIBILITY STUDIES SHOULD BE READY BY NOVEMBER 1977 AT WHICH TIME DECISION WILL BE MADE ON TWO YEAR PILOT FARM PROGRAM TO DETERMINE SUITABILITY OF VARIOUS VEGETABLE VARIETIES.

4. RICE PROJECT. FEASIBILITY STUDIES ARE UNDER PREPARATION FOR RICE PROJECT ON WHITE NILE. ORIGINAL PROJECT SITE FOUND UNECONOMIC AND FEASIBILITY STUDY NOW PROCEEDING ON MUCH MORE DESIRABLE ALTERNATE SITE. PROJECT PLANNED TO PRODUCE 100,000 MT OF RICE PER YEAR. INITIALLY, RICE WOULD BE MILLED FOR DOMESTIC MARKET. LATER PRODUCTION WOULD BE PARBOILED FOR EXPORT. HAWAIIAN AGRONOMICS WAS HIRED TO PERFORM FEASIBILITY STUDY IN COOPERATION WITH UNCLE BEN'S WHO MAY BE INTERESTED IN EQUITY PARTICIPATION.

5. AMERICAN FIRMS DESIRING ADDITIONAL INFORMATION ON THESE PROJECTS CAN CONTACT SIR ABBAS ABDEL MAJID, FORMER MINISTER OF AGRICULTURE, AT PRINCE MOHAMED'S KHARTOUM HEADQUARTERS--THE SAUDI-SUDANESE INVESTMENT COMPANY, P.O. BOX 6156, KHARTOUM,

SUDAN. ALTERNATELY, THE CAN CONTACT MIDDLE EAST FINANCE COMPANY, MEFCO FINANZBERATUNGS-GMBH, OHMSTRASSE 13, 8000 MUNICH 40, GERMANY. TELEPHONE (089) 33 20 81; TELEX 05/215685; CABLE MEFCO. LATTER FIRM IS JOINT VENTURE BETWEEN PRINCE MOHAMED AND BROWN BROTHERS HARRIMAN SET UP AS MIDDLE EAST INVESTMENT BANKING FIRM. WITH LATTER'S GUIDANCE, PRINCE MOHAMED APPEARS TO BE PURSUING THESE PROJECTS IN BUSINESSLIKE MANNER. EACH OF THESE PROJECTS PROBABLY WILL REQUIRE SUBSTANTIAL PURCHASES OF SERVICES AND AGRI-BUSINESS EQUIPMENT. PRINCE MOHAMED APPARENTLY PREFERS DEALING WITH AMERICAN COMPANIES AND HAS EXPRESSED SOME DISSATISFACTION THAT GREATER INTEREST IN DAMAZIN PROJECT HAS NOT BEEN SHOWN BY AMERICAN COMPANIES. BERGUS

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Status: NATIVE
Subject: MAJOR PROJECTS: PRINCE MOHAMED AL-FAISAL'S SUDANESE AGRICULTURAL PROJECTS BEGIN SUMMARY: PRINCE MOHAMED AL-FAISAL IS LEADIN
TAGS: EINV, BEXP, EAGR, SU, SA, US
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/cff08662-c288-dd11-92da-001cc4696bcc
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